

AMENDED IN SENATE SEPTEMBER 1, 2009

AMENDED IN SENATE JULY 23, 2009

AMENDED IN SENATE JUNE 26, 2009

AMENDED IN ASSEMBLY MAY 14, 2009

AMENDED IN ASSEMBLY MAY 5, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 564**

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**Introduced by Assembly Members Portantino and Bonnie Lowenthal**

February 25, 2009

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An act to add Division 10.75 (commencing with Section 11999.3.1) to the Health and Safety Code, relating to substance abuse.

### LEGISLATIVE COUNSEL'S DIGEST

AB 564, as amended, Portantino. Substance abuse treatment: prohibition of excessive salaries.

Existing law, the Substance Abuse and Crime Prevention Act of 2000, was enacted by the voters at the November 2000 general election. Amendment of the act by the Legislature requires a  $\frac{2}{3}$  vote of both houses of the Legislature. The act requires all amendments to further the act and be consistent with its purposes. The act creates a Substance Abuse Treatment Trust Fund to provide moneys to cover county costs associated with drug treatment programs, as specified. The act also requires annual and long-term effectiveness and financial impact studies on the programs funded by the act as well as periodic audits of the expenditures. Existing law places certain conditions on the allocation

of state funds to entities, whether public or private, for drug- or alcohol-related programs and requires state agencies that distribute state funds to these entities to establish and provide guidelines and procedures for these entities to use to ensure compliance with those conditions.

This bill would establish a limitation on the amount of compensation a director, officer, or employee of a ~~nonprofit~~ substance abuse treatment facility may receive from public sources, not to exceed a certain federal compensation limitation, and establish specified compensation requirements for any director, officer, or employee who collects rent from a drug treatment facility. *The bill would require these restrictions on compensation to be terms of any contract entered into in the state to provide drug treatment if, under that contract, public funds are to be used to provide the drug treatment.* Because this bill would establish restrictions on the distribution of funds from the Substance Abuse Treatment Trust Fund, it would amend the Substance Abuse and Crime Prevention Act of 2000 and therefore *would* require a  $\frac{2}{3}$  vote of both houses of the Legislature.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. It is the intent of Legislature in enacting this act  
2 to reinforce the goals of Proposition 36 of the November 2000  
3 statewide general election by ensuring that money directed by the  
4 voters for drug treatment should be used for that purpose and not  
5 to provide large salaries to the executives of large drug treatment  
6 facilities.

7 SEC. 2. Division 10.75 (commencing with Section 11999.3.1)  
8 is added to the Health and Safety Code, to read:

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10 DIVISION 10.75. COMPENSATION OF SUBSTANCE  
11 ABUSE TREATMENT PROVIDERS

12

13 11999.3.1. The following restrictions shall apply to the  
14 compensation of any director, officer, or employee of any ~~nonprofit~~  
15 corporation providing substance abuse treatment in the state, *and*  
16 *shall be required terms of any contract entered into in the state to*  
17 *provide drug treatment if, under that contract, public funds are to*  
18 *be used to provide the drug treatment:*

1 (a) The maximum amount of public funds that may be used for  
2 compensation for a full-time director, officer, or employee shall  
3 not exceed the salary limitation established by the federal  
4 government on awards made by the federal Substance Abuse and  
5 Mental Health Services Administration (SAMHSA). This amount  
6 shall be prorated for any person working less than full time.

7 (b) Public funds shall not be used for compensation for any  
8 director, officer, or employee who collects rent from a substance  
9 abuse treatment facility unless that person certifies that he or she  
10 is in compliance with the federal Office of Management and Budget  
11 Circular A-122, relating to cost principles for nonprofit  
12 organizations.